

## Memorandum

To  
Joan Bogin

From  
Gary Flood

Date  
April 4, 1996

Subject  
Purchase Protection Opportunity

MasterCard  
International



GOVERNMENT  
DEPOSITION  
EXHIBIT  
1511

Copies to  
Alan J. Heuer, Nancy Hemenway, Myra Koutzen

I have received your memo of March 28<sup>th</sup> in which you assessed the potential inclusion of Purchase Protection in our brand Television Campaign. Although I appreciate the concern about incorporating an enhancement as a proof point in a brand strategy, I don't believe that this message is inconsistent with that strategy. It is also important to keep in mind the business opportunity that capitalizing on Purchase Protection as a point of differentiation may bring to market share.

Advertising support of this feature in the third and fourth quarters would help us drive our direct mail efforts with key issuers, create an acquisition preference and potentially increase usage in a heavy spending period.

A claim, simply stated, could be "All Gold MasterCards provide you with Purchase Protection." Or "Purchase Protection - It's on every Gold MasterCard." The Association funds the management, insurance and claims administration for the entire Gold Portfolio, which Visa has opted to do no longer.

The fourth quarter is a heavy spending period and the perfect window of opportunity to generate increased sales by leveraging Purchase Protection. As noted in Ammirati's response, consumer awareness of Purchase Protection is relatively high. Similarly, in all our recent quantitative work, as well as in the in the Global Payments study, it surfaces as a highly valued enhancement. Moreover, in conversations with Member Relations, it has been advocated as a highly leverageable enhancement among the key Gold issuers to move mail share.

Given the importance to our overall business, we should consider asking A&P to go back and integrate it as a proof point, specifically we will need support in the late 3<sup>rd</sup> quarter and in the 4<sup>th</sup> quarter.

Joan, we will schedule time with Alan to quickly review this opportunity and collectively agree on next steps.

Thanks.

P-0361

Memorandum

To  
Gary Flood

MasterCard  
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From  
Joan Bogin

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March 28, 1996

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Purchase Protection

Copies to  
Alan Heuer

You requested a POV on leveraging our Purchase Protection Program via our Brand Television Campaign. Concurrently, Alan requested a viewpoint on the leverage ability of this benefit. The following addresses both requests.

After our discussion of Purchase Protection, we evaluated the feasibility of using it as a proof point in our advertising. The agency was simultaneously exploring how the program satisfied our larger brand objectives, and concluded that the fit was less than ideal (their POV is attached for your review). I have highlighted below our collective thoughts.

• Brand Criteria

In order to objectively determine which proof points within the entire global corporation best support our overall objectives, we developed evaluation criteria. These criteria are:

1. Does it support our positioning of providing secure access anywhere?
2. Does it demonstrate leadership through innovation?
3. Does it move MasterCard beyond credit and into the world of payments?
4. Does it position MasterCard on the cutting edge of future products or technology?
5. Is the proofpoint ownable in some way? (i.e., MasterCard invented it; no other card has advertised it; it is an exclusive MasterCard benefit, etc.)
6. Is it new to the consumer? This can either be a new product/service, or be able to be positioned in a new light (much like we did with the monthly statement or signature panel).

Purchase Protection does not meet the criteria in the following areas:

- News Value - In this instance, we are really talking about a policy change at the corporate level, not a new consumer program or benefit. The real news is that Visa dropped their program, not that MasterCard has innovated, improved, or changed our program. Consumers are already aware of the Purchase Protection benefit, and we are not introducing a new or different service within the existing program.

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March 28, 1996

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- **Innovation or Leadership** - As you are aware, MasterCard did not pioneer this service, nor do we have the best program in the industry (from the information provided to me).
- **Moves MasterCard beyond Credit into the Larger "Payments" Arena** - Because Purchase Protection is only available on our Gold cards, this feature does not provide a platform for broad brand support.
- **Clarity of Communication**

The claim language would have to be something like, "Gold MasterCard is the only bankcard that requires purchase protection on all of its cards." There are several issues with this:

1. Some of the largest Visa banks (Citibank, Chase) are retaining the program for their cardholders. Therefore, the language would have to include "Gold MasterCard is the only bankcard that requires its issuers to provide purchase protection to its cardholders." At this point, we believe that we are speaking in industry terms, which will be lost on consumers. In addition, because Amex and Visa will still have some Purchase Protection programs in place, we cannot claim exclusivity.
2. Do we mean Gold MasterCard as opposed to other MasterCard cards? Or, are we comparing Gold MasterCard to competitive credit cards?
3. The word bankcard is not a consumer term. However, since Amex offers this benefit we need to clarify that we are talking about MasterCard/Visa, not Amex, and this language is the only way to communicate that without naming our competition.

- **Recommendation**

Although we do not think this proof point works in brand advertising, we do feel strongly that this information is newsworthy, and should be communicated to consumers. Because of the complexity of the message, we believe that a marketing campaign consisting of Public Relations, some form of direct mail (statement inserts, statement messages, etc.), and full page targeted print ads (*USA Today*, *Wall Street Journal*) will provide the appropriate level of detail for consumers to understand the changes in the industry regarding this important benefit and best leverage this program.

If you would like to discuss this further, please give me a call.

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ADVERTISING DEPT

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Fax Sheet



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Company: <i>Department</i>	Department: <i></i>
Tel # <i></i>	Tel # <i></i>
Fax # <i></i>	Fax # <i></i>
Date: <i>April 8, 1996</i>	Total Pages: <i>4</i>
Subject: <i></i>	<i></i>
Message <i></i>	

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